

NEWS RELEASE  
Local Government Information Unit

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**Council tax: the answer?**

Local democracy think tank the Local Government Information Unit (LGIU) and the Centre for Council Tax Reform today launch Council tax: the answer?, a new report showing how the council tax can be made fairer - without abolishing it.

The report, to be launched at a conference in central London today (31 March), is based on robust analysis and detailed financial modelling. The main changes proposed in the report are:

- \* Additional council tax bands so that those in the top band pay ten times as much as those on the bottom band, instead of three times as much as at present.

- \* Replacing the national banding system with a regional one to reflect the wide variations in property prices and housing market inflation over the past decade.

- \* Doubling or trebling the savings allowed before council tax benefit is withdrawn

- \* A fundamental redesign of council tax benefit so that it is treated as a tax credit rather than as a means tested welfare benefit.

Peter Kenway, Director of the New Policy Institute and report author, said: "Based on extensive research and analysis, our scheme for reforming the council tax will introduce greater fairness to what is a fundamentally sound property tax system.

"This might not be as populist as campaigning to 'axe the tax'. However, it is feasible, can be introduced without too much upheaval, and is more long term in outlook than all the expensive short term fixes and panic measures designed to ameliorate the regressive excesses of the present council tax.

"This report shows what must be done if the council tax is to return to the grudging obscurity that is its proper place."

Dennis Reed, Chief Executive of the LGIU said: "There is a widespread view that the present council tax is regressive and unsustainable. Reforms must be introduced before the next revaluation in 2007. Otherwise, just rolling forward the current system of council tax bands would penalise low-income families, pensioners and key workers in areas of high house price inflation. The result would be uproar.

"Until now, despite all the campaigning against the council tax, no-one has put forward a properly researched alternative. Our reforms achieve a firmer link with income ability to pay, while retaining the practical advantages of a property tax.

"We also propose a modernisation of the council tax benefit system to give pensioners and others on low incomes greater financial security, without all the bureaucracy inherent in claiming means tested benefits.

"We hope that Council tax: the answer? gives ministers a realistic and constructive way forward to ending the feeling of crisis that plagues the council tax. This would create a healthier backdrop to the debate around wider issues in local government finance and, we hope, lead to other measures that will ensure that most council revenue is raised locally on the basis of a broader range of local taxes and charges.

"This, in turn, will enable pressure to be taken off domestic council tax-payers and would strengthen the role of the ordinary voter in holding their councillors to account."

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Notes to Editors

1. Originally founded in 1983 to campaign against the ratecapping regime that was established in the 1984 Rates Act, the Local Government Information Unit (LGIU) is Britain's foremost independent local democracy think tank, campaigning to extend local authority best practice, freedoms and responsibilities. The LGIU is working to influence the debate on local government modernisation. The LGIU and its sister organisations The Education Network (TEN) and the Democratic Health Network (DHN) provide research, policy briefings, information, advice, training and lobbying services to local authority and trade union affiliates. Previous LGIU news releases and statements can be viewed at [www.lgiu.gov.uk](http://www.lgiu.gov.uk).

2. The Centre for Council Tax Reform is part of the New Policy Institute. It has been set up to make the case for a fairer, less regressive council tax that contributes to stronger local democracy. The centre provides authoritative information about the council tax, presents the arguments for change, and facilitates dialogue between key stakeholders. The Centre has received support from the PCS union, Unison, the LGIU and the Joseph Rowntree Reform Trust. The Centre's website is at <http://www.counciltaxreform.org/>.

3. Council tax: the answer? Will be launched at an LGIU conference on central London on Wednesday 31 March. For further details contact [events@lgiu.org.uk](mailto:events@lgiu.org.uk) or go to <http://zazu.thestableyard.net/cgi-bin/WebObjects/LgiuBrowser.woa/1/wo/i2XTT7juEB07UvWTD2PDkg/4.0.1.7.1.6.13.2.2.2>. Unfortunately, due to limited seating capacity at the venue, it is not possible to allow more journalists to attend this event than have already requested, and been granted, admission.

4. Journalists can download the full content of Council tax: the answer? at [http://www.lgiu.gov.uk/pdfs/downloads\\_pdf/LGIUTAX.pdf](http://www.lgiu.gov.uk/pdfs/downloads_pdf/LGIUTAX.pdf) on the

basis that the reporting of the contents is embargoed until 6am on Wednesday 31 March.

5. The printed version of Council tax: the answer will be available from 31 March at £5 per copy from Central Books on 0845 458 9910, 0845 458 9912 (fax) or e-mail [mo@centralbooks.com](mailto:mo@centralbooks.com)

6. Dennis Reed, Chief Executive of the LGIU, can be contacted for interview on 07860 381038 or 020 7554 2837.

7. A number of recent research publications have traced the causes of the current crisis over the council tax. A PDF version of Settling the Account - Local Government Funding Investigated, published by the LGIU in January, can be downloaded from [www.lgiu.gov.uk/pdfs/downloads\\_pdf/Funding.pdf](http://www.lgiu.gov.uk/pdfs/downloads_pdf/Funding.pdf). The Audit Commission's December 2003 report into the causes of the council tax increases in 2003/04 can be downloaded from <http://www.audit-commission.gov.uk/Products/NATIONAL-REPORT/2301C12C-A495-4C17-AA67-1813C49D48EC/CouncilTaxIncreasesReport.pdf>.